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May 27, 2004

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## **Ex Parte**

### ***Filed Electronically***

Marlene H. Dortch, Secretary  
Office of the Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

**Re: CC Docket Nos. 96-45; 01-92**

### **EX PARTE NOTICE**

Dear Ms. Dortch:

On May 25, 2004, the individuals from various South Dakota telephone companies and certain of their customers, identified in Exhibit A, met with Chairman Michael K. Powell, Commissioner Jonathan S. Adelstein, and his advisor Scott Bergman, to discuss the impact of the Commission's current and pending proceedings on universal service and intercarrier compensation on rural telephone companies.

A PowerPoint presentation was given, a copy of which is attached, describing the service area demographics and the advanced networks of South Dakota telecommunications companies. Universal service support issues were discussed, including: (1) USF dependence due to low population densities, (2) end user cost-shifting impacts on delivery of next generation services; (3) the primary line restriction; and (4) ETC obligations.

The attendees also discussed inter-carrier compensation, including: (1) the failure of "Bill and Keep" to recognize rural cost challenges; and (2) the importance of maintaining access charges.

Consistent with section 1.1206 of the Commission's rules, 47 C.F.R. §1.1206, one copy of this notice is being filed electronically in the above-captioned proceedings. Please direct any questions concerning the above matter to the undersigned at (202) 659-0830.

Sincerely,

/s/ Benjamin H. Dickens, Jr.  
Benjamin H. Dickens, Jr.

Attachments

cc: Chairman Michael K. Powell  
Commissioner Jonathan S. Adelstein  
K. Dane Snowden  
Scott Bergmann

## **EXHIBIT A**

Richard Coit, Executive Director, South Dakota Telecommunications Association, Inc.  
Greg Dean, employee, South Dakota Telecommunications Association, Inc.  
George Strandell, Interim Manager, Golden West Telecommunications Cooperative, Inc.  
Greg Oleson, employee, Golden West Telecommunications Cooperative, Inc.  
Dwight Flatt, employee, Golden West Telecommunications Cooperative, Inc.  
Scott Sandal, customer of Golden West Telecommunications Cooperative, Inc.  
Tom Shortbull, President, Oglala Lakota Tribal College and customer of Golden West Telecommunications Cooperative, Inc.  
Randy Houdek, Manager, Venture Communications Cooperative  
Rod Bowar, Manager, Kennebec Telephone Company  
Bruce Hanson, Manager, Fort Randall Telephone Company  
Gene Kroell, Manager, Santel Communications  
Bill Heaston, Vice President and General Counsel, PrairieWave Communications  
Fay Jandreau, Manager, Midstate Communications

# South Dakota: Our Telecommunications Success and Challenges

A presentation for FCC Chairman  
Michael Powell and FCC  
Commissioner Jonathan Adelstein  
May 25, 2004



Welcome to South Dakota...

The land of Mount Rushmore..

Crazy Horse Monument...AND

Some of the nation's most  
advanced

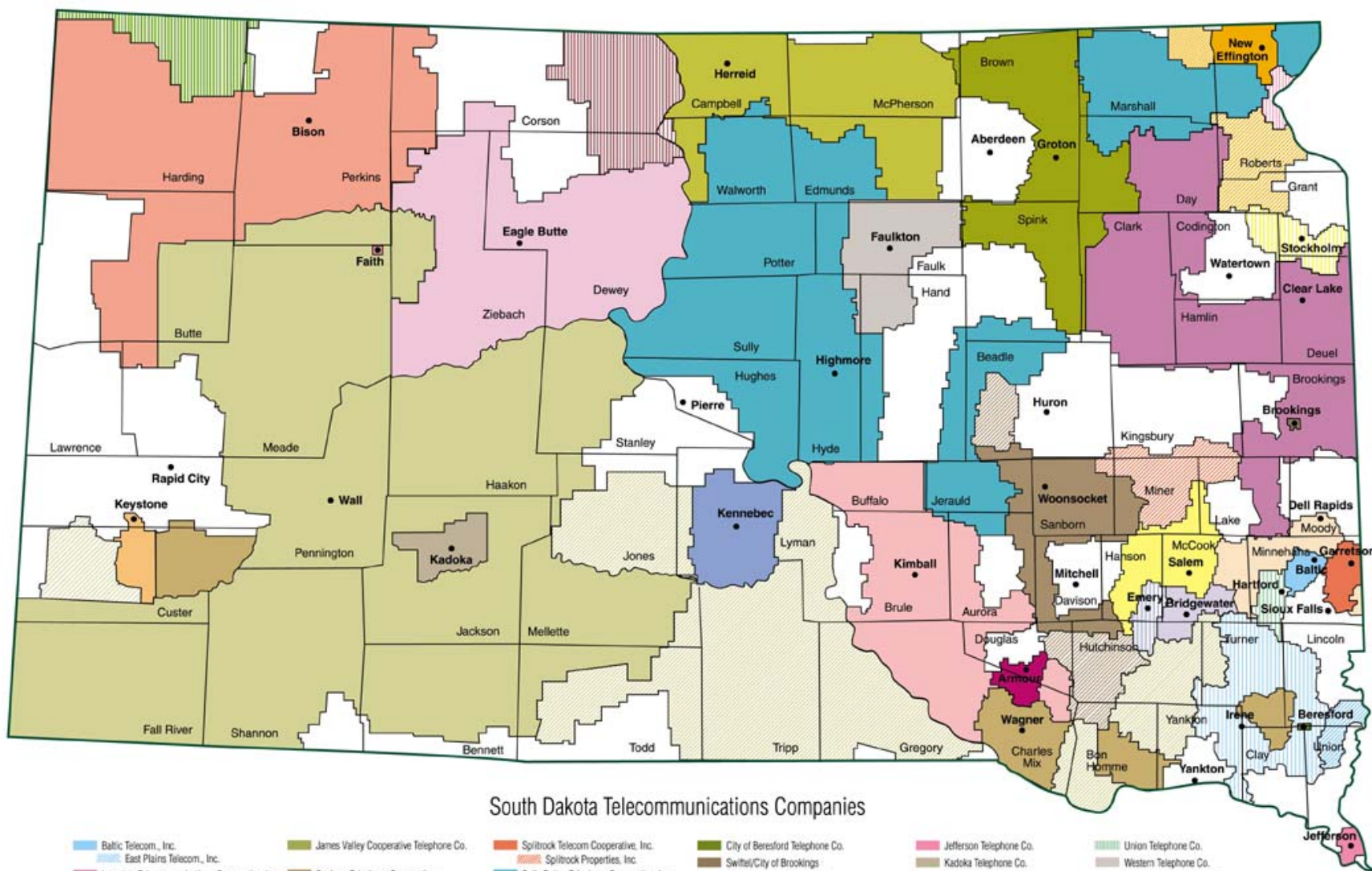
telecommunications  
infrastructure



# South Dakota Telecommunications Association

- 29 member companies
  - 12 member-owned cooperatives
  - 13 privately-owned companies
  - 3 municipal companies
  - 1 tribally-owned company





South Dakota Telecommunications Companies

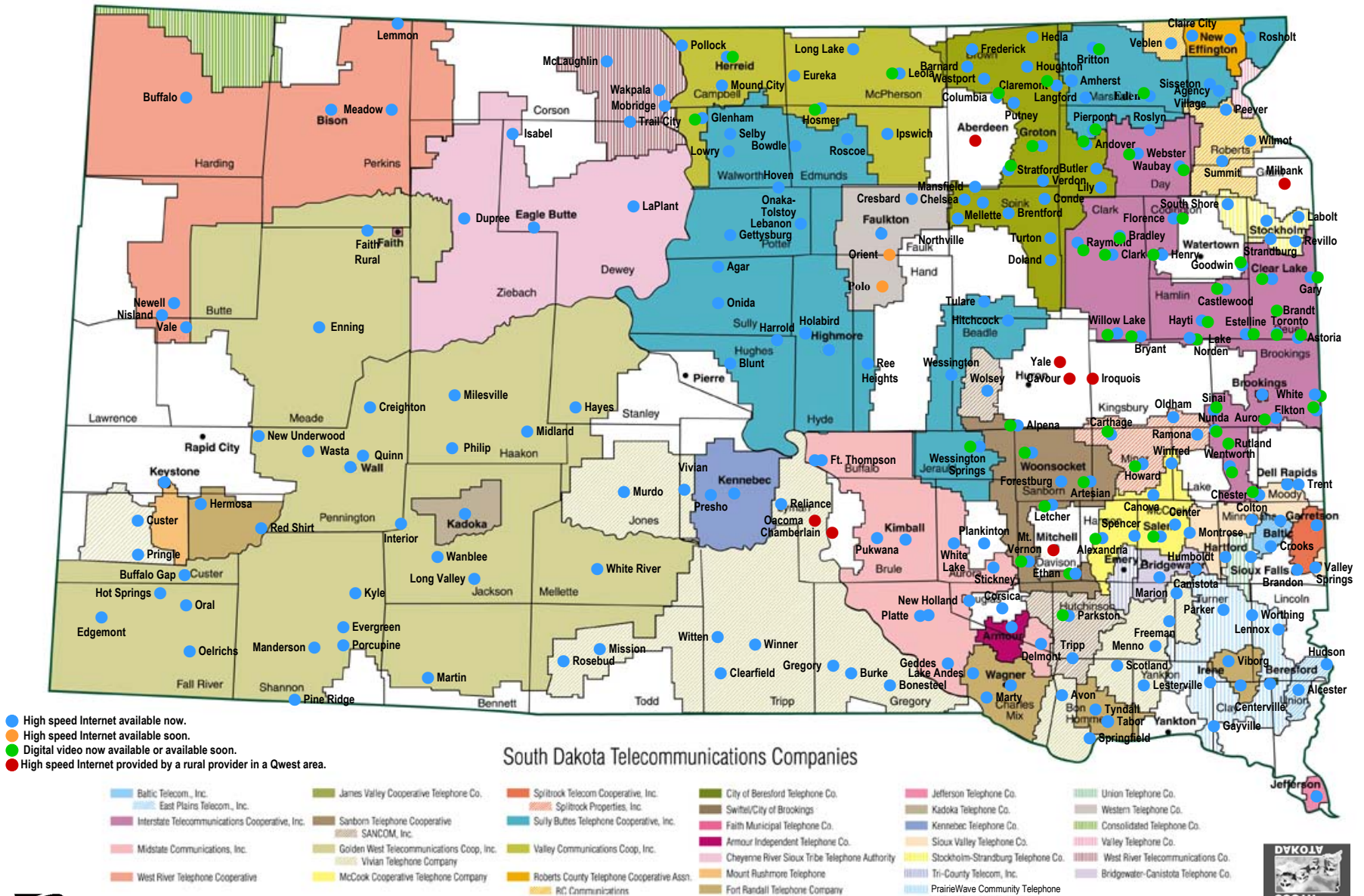
# South Dakota Telecommunications Association

- Collectively serve:
  - 79.5% of South Dakota (more than 61,000 sq. miles)
  - Serve all or parts of 8 of 9 Native American reservations
  - 152,000 access lines
  - More than 5,000 miles of buried fiber
  - Nearly 250 communities with broadband access
  - 49 communities with VDSL





# High Speed Internet & Digital Video Availability in SD



# South Dakota Telecommunications Association

- Joint ownership of SDN Communications
  - Network operations center and marketing arm for South Dakota's fiber backbone
  - Three (3) SONET rings across South Dakota offer unmatched redundancy and security
  - State of the art technology available in some places that aren't even on the map



# South Dakota Telecommunications Association

Challenges:  
We got 'em



# South Dakota Telecommunications Association

- Mostly serve small towns and rural areas
  - Largest communities we serve are Brookings (pop. 18,504), Hot Springs (pop. 4,129) and Winner (pop. 3,137)
  - 27 South Dakota counties bigger than state of Rhode Island
  - Average: 2.17 access lines/sq. mile served
  - Population density of counties served by SDTA member: 4 people/sq. mile
    - 11 counties have less than 2 people/sq. mile

(sources: U.S. Census Bureau and SD Public Utilities Commission)



# South Dakota Telecommunications Association

- Aging population
  - 29 counties we serve have a median age in excess of 40.0 years
    - SD projected to have 21.6% population over age 65 by 2025 (9<sup>th</sup> highest proportion in US)

(sources: U.S. Census Bureau )



# South Dakota Telecommunications Association

- Income levels
  - 42 of the counties we serve have poverty rates ranging from 10.0% to 42.0%

(sources: U.S. Census Bureau)



# South Dakota Telecommunications Association

- SDTA member companies bring the world closer to tribal and rural areas of South Dakota
  - Health Care: Telemedicine support to rural hospitals and outlying clinics
  - Education: Digital Dakota Network brings world class education and instruction to small, rural schools
  - Economic Development: Access to markets and information



# South Dakota Telecommunications Association

So...

What are our top  
issues?





# South Dakota Telecommunications Association

- Universal Service support
  - Sparsely populated states like South Dakota are dependent on Universal Service to keep service affordable and up-to-date
  - Even with advent of Internet telephony, infrastructure must be deployed and maintained
  - Delivery of next generation services won't happen if all costs are borne by end user



# South Dakota Telecommunications Association

- Universal Service Fund Distributions (USF Portability)
  - Action on Federal-State Joint Board recommendations?
  - “Primary Line” restriction undermines universal service objectives
  - “Public Interest” criteria, consistent with Congressional intent, must give recognition to limited economies in certain rural areas
  - All ETCs should have same universal service obligations
  - “Competitive neutrality” principle requires recognition of different carrier costs and differences in universal service obligations



# South Dakota Telecommunications Association

- Inter-carrier Compensation
  - Inter-carrier compensation NPRM?
  - “Bill and Keep” fails to recognize rural cost challenges
  - Some type of “access charge” must be retained to maintain affordable end user rates and to allow for continued network investment
  - All carriers should pay fair share for use of network facilities



Thank you for  
coming to South  
Dakota!



We would welcome  
your thoughts and  
input!

